

Message Text

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ORIGIN AF-18

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PA-03 PRS-01 USIA-12 CIAE-00 INR-10 NSAE-00 RSC-01

OMB-01 INT-08 AGR-20 TAR-02 L-03 SS-15 NSC-10 STR-08

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AF/ NI: ORAGGREY

AF/ EPS: EMQUICK (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

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E. O. 11652: N/ A

TAGS: EMIN

SUBJECT: SALE OF STOCKPILED TIN AND RUBBER

1. SUMMARY: AMBASSADOR GARBA HAS CONVEYED TO DEPT NIGERIAN CONCERN OVER POSSIBLE SALE OF TIN FROM USG STOCKPILE. GARBA WAS INFORMED THAT GSA HAS OUTSTANDING AUTHORITY TO DISPOSE OF 18,523 TONS, AND BILL ALSO BEING PREPARED PROVIDING FOR GENERAL REDUCTION OF STOCKPILE LEVELS FOR STRATEGIC COMMODITIES. GARBA WAS ADVISED THAT NIGERIA WOULD BE CONSULTED WHEN DISPOSAL PLANS FORMULATED FOR PRESENT EXCESS AND WHEN BILL SENT TO CONGRESS ON FURTHER REDUCTION OF STOCKPILE LEVELS. END SUMMARY.

2. AMBASSADOR GARBA CALLED ON DEPUTY ASST SEC SMITH APRIL 5 TO CONVEY FMG CONCERN OVER REPORTED US INTENTION TO SELL PORTION OF GSA TIN STOCKPILE. GARBA STATED IT HAS BEEN
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" UNDERSTANDING" OF TIN PRODUCERS THAT US WOULD DO NOTHING WHICH COULD HAVE DISLOCATING EFFECTS ON THEIR ECONOMIES, AND CITED 1966 US " PLEDGE" TO INTERNATIONAL TIN COUNCIL (ITC) " TO MODERATE TIN SALES PROGRAM IF IT SHOULD BE INCONSISTENT WITH CONTINGENT OPERATION AUTHORIZED UNDER INTERNATIONAL TIN AGREEMENT," I. E., BUFFER STOCK OPERATIONS. SPECULATION OVER PENDING DISPOSAL OF SURPLUS TIN OF GREAT CONCERN TO NIGERIA, IN VIEW OF DISRUPTIVE EFFECT ON MINING INDUSTRY, CURRENT ITC CONTROLS ON TIN EXPORTS, AND MARKET UNCERTAINTIES RESULTING FROM WORLD MONETARY CHANGES. AIDE MEMOIRE (COPY POUCHED LAGOS) WARNS THAT RELEASE OF TIN SURPLUSES WOULD AGGRAVATE " DEPRESSED" TIN MARKET AND " PARALYZE" MINERAL ECONOMY OF LDC' S.

3. AMBASSADOR WAS TOLD GSA HAD NOT SOLD TIN COMMERCIALY SINCE 1968 AND PRESIDENTIAL BAN ON COMMERCIAL TIN SALES HAS BEEN IN FORCE SINCE APRIL 1971. HOWEVER, GSA HAD OUTSTANDING CONGRESSIONAL AUTHORIZATION TO DISPOSE OF 18,523 TONS, ALREADY CONSIDERED TO BE EXCESS. IN ADDITION, LEGISLATION BEING PREPARED FOR SUBMISSION TO CONGRESS PROVIDING FOR FURTHER REDUCTION OF STOCKPILE LEVELS FOR TIN AND OTHER STRATEGIC COMMODITIES, THUS CREATING LARGE ADDITIONAL EXCESSES. AMBASSADOR WAS ADVISED THAT HE AND REPRESENTATIVES OF OTHER PRODUCERS WOULD BE FULLY CONSULTED WHEN PLANS FOR DISPOSAL OF 18 THOUSAND TONS FORMULATED AND WHEN BILL ON GENERAL REDUCTIONS SENT TO CONGRESS. IT WAS POINTED OUT THAT SUBSEQUENT CONGRESSIONAL ACTION MIGHT NOT OCCUR FOR SOME TIME. CHIEF OF INDUSTRIAL AND STRATEGIC MATERIALS DIVISION (EB/ ISM) NOTED THAT CURRENT TIN PRICES AT RELATIVELY HIGH LEVEL (NEW YORK PRICE FOR MALAY STRAITS TIN IS DOLS 2.04 PER LB.) AND POINTED OUT THAT MARKET PRICE FOR TIN AND OTHER COMMODITIES INVOLVED HAS REMAINED BASICALLY FIRM SINCE PRESIDENT NIXON' S MARCH ANNOUNCEMENT THAT STOCKPILE REDUCTIONS BEING CONSIDERED (STATE 48668). (GARBA WAS ALSO ADVISED THAT US PLACES NO IMPORT CONTROLS OR DUTIES ON TIN; HE HAD SEEMINGLY CONFUSED ITC EXPORT CONTROLS WITH US IMPORT CONTROLS.)

4. GARBA OBSERVED THAT NIGERIA WOULD ALSO BE CONCERNED OVER REDUCTIONS IN RUBBER STOCKPILE, COMMENTING THAT DESPITE OIL' S PREDOMINANCE, OTHER EXPORT COMMODITIES STILL OF VITAL IMPORTANCE TO REGIONAL ECONOMIES WITHIN NIGERIA LIMITED OFFICIAL USE

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(AS IN CASE OF TIN IN JOS AREA). GARBA REMARKED THAT

GOWON' S BENUE- PLATEAU ORIGINS HEIGHTENED INTEREST IN TIN SITUATION. AMBASSADOR GARBA EXPRESSED APPRECIATION FOR EXPLANATION OF US PLANS AND FOR PROMISE OF FURTHER CONSULTATIONS BEFORE SALES COMMENCE.

5. " UNDERSTANDING" AND " PLEDGE" REFERRED TO BY AMBASSADOR (PARA. 1 ABOVE) AND QUOTED IN AIDE MEMOIRE ARE BASED ON STATEMENT BY FORMER ASST SEC FOR ECONOMIC AFFAIRS SOLOMON TO ITC DELEGATION AT OCTOBER 1966 ITC- USG WASHINGTON MEETING. (RELEVANT PORTIONS OF ITC MINUTES BEING POUCHED.) ROGERS

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